



MONTHLY REVIEW OF THE COCOA MARKET SITUATION

JUNE 2013

The current review of the cocoa market situation reports on price movements on the international markets during the month of June 2013. **Chart I** illustrates price movements on the London (NYSE Liffe Futures and Options) and New York (ICE Futures US) markets in June. **Chart II** shows the evolution of the ICCO daily price, quoted in US dollars and in SDRs, from April to June 2013. **Chart III** depicts the change in the ICCO daily price Index, the Dow Jones-UBS Commodity Index and the US Dollar Index during the month under review, while **Chart IV** illustrates end-of-month stocks in NYSE Liffe and United States licensed warehouses including the arbitrage between the two cocoa futures markets.

Chart I:
Cocoa bean prices on the London (LIFFE)
and New York (ICE) futures markets
June 2013

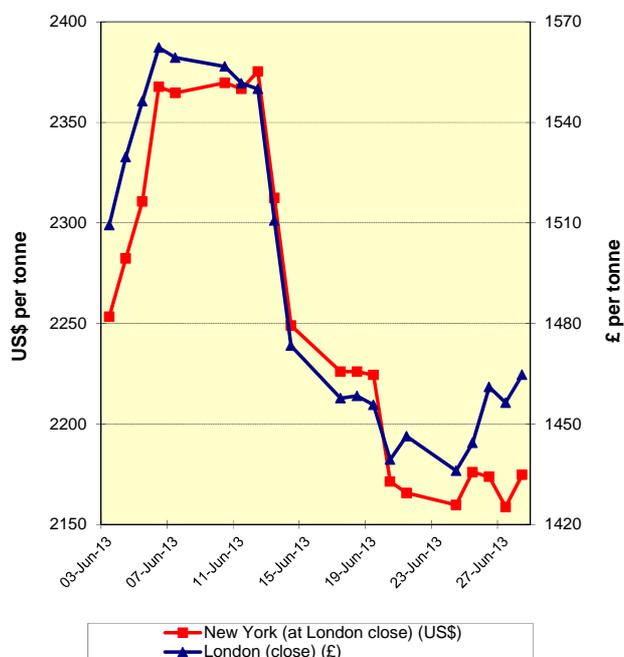
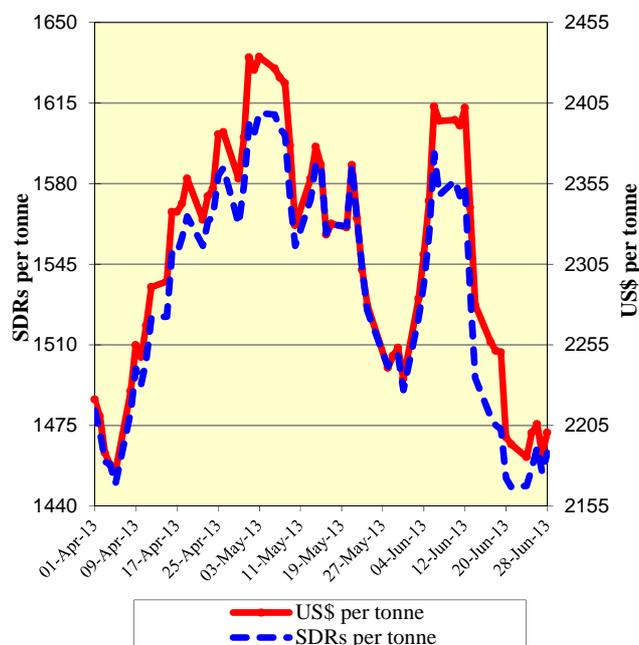


Chart II: ICCO daily prices
April – June 2013



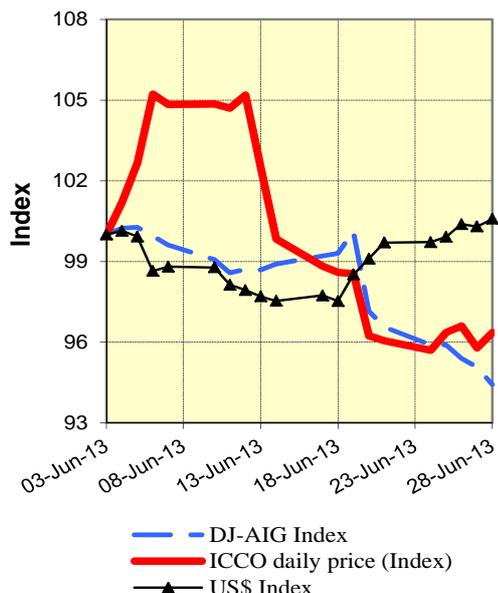
Note: The ICCO daily price for cocoa beans is the average of the quotations of the nearest three active futures trading months on NYSE Liffe and ICE Futures U.S. at the time of London close, converted into US\$ and SDRs using the appropriate exchange rates.

Price movements

In June, the ICCO daily price averaged US\$2,284 per tonne, down by US\$62 compared to the average price recorded in May (US\$2,346) and ranged between US\$2,185 and US\$2,403.

After a downward price movement during the previous month, cocoa futures prices advanced on the two cocoa futures markets in the first week of June, surging by four cent to £1,562 per tonne in London and by five per cent to US\$2,368 per tonne in New York. This recovery was supported by reports of slightly improved economic news from the Eurozone as well as a decline in the United States dollar. Thereafter, cocoa futures prices declined steadily until towards the end of the month, to £1,436 in London and to US\$2,159 in New York. During this period, the markets were weighed down by continuous fund liquidation as well as reports of favourable weather conditions and higher than expected production from the key growing areas of West Africa. Moreover, as seen in **Chart III**, the strengthening of the United States dollar led to a fall in the price of most commodities, and cocoa futures prices followed the same pattern.

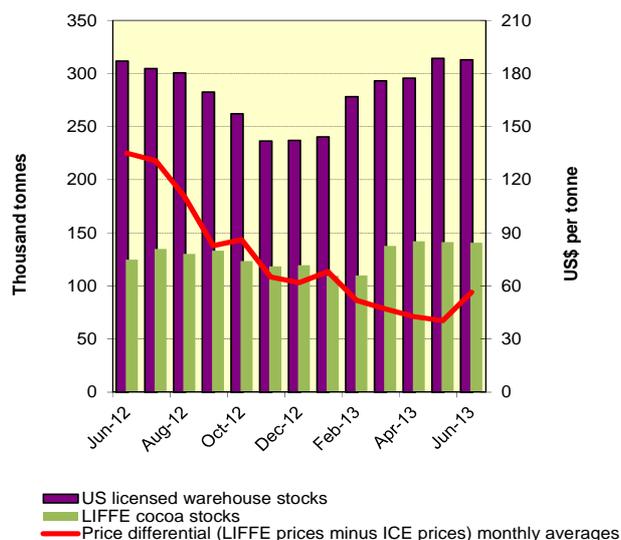
Chart III: ICCO daily price Index, Dow Jones-UBS commodity index and the U.S. Dollar Index



Notes:

The *US Dollar Index* is a measure of the value of the United States dollar relative to a basket of six major foreign currencies. The *Dow Jones-UBS Commodity Index* tracks price movements across various commodities, including energy, precious metals, industrial metals, grains, livestock, softs (cocoa being excluded) and agriculture.

Chart IV: Arbitrage between LIFFE and ICE Futures (Monthly average) and end-of-month cocoa stocks June 2012 - June 2013



Certified warehouse stocks of cocoa beans

Compared to the previous month, both markets reported a slight fall in the volume of certified warehouse stocks. In New York, volumes fell from 314,210 tonnes to 312,875 tonnes and in London, from 141,300 tonnes to 140,740 tonnes. As shown in **Chart IV**, the arbitrage widened from an average of US\$40 in May to US\$56 in June 2013.

Supply and demand situation

Although reports indicate that the harvested mid-crop beans in Côte d’Ivoire have been smaller in size than normal, supply from the country has continued to be slightly larger than expected. Cocoa arrivals at the end of June reached 1,326,000 tonnes compared to 1,247,000 tonnes for the same period of the previous season.

By contrast, in Ghana, cocoa purchases declared by the *Ghana Cocoa Board* reached 755,446 tonnes as at the end of the main crop on 30 May. This reflects a five per cent fall in purchases compared to the same period for the previous year.

On the demand side, the second quarter European and North American grindings data are scheduled to be released in mid-July. They are anticipated to show positive growth in cocoa processing activity in the mature markets, as global economic prospects have improved in 2013, despite a bumpy road to recovery in the advanced economies. In addition, retail demand in emerging markets continues to be firm, supporting cocoa butter ratios as chocolate makers rebuild stocks.

